

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	February 28, 2010
Estimated average burden hours per response.....	12.00



**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER
8- 66608

**FACING PAGE**

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/2007 AND ENDING 12/31/2007  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Lightstone Securities, LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
One International Blvd., Suite 200

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street)

Mahwah,

NJ

07495

**PROCESSED**  
**MAR 20 2008**

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Joseph DePietto, CPA (516) 326-9200  
(Area Code - Telephone Number)

**THOMSON  
FINANCIAL**

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Joseph P. DePietto, CPA P.C., DePietto Blum & Company

(Name - if individual, state last, first, middle name)

1981 Marcus Avenue

Lake Success

NY

11042

(Address)

(City)

(State)

(Zip Code)

**CHECK ONE:**

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

**028**  
**Mail Processing  
Section**

**FEB 29 2008**

**Washington, DC**

**FOR OFFICIAL USE ONLY**

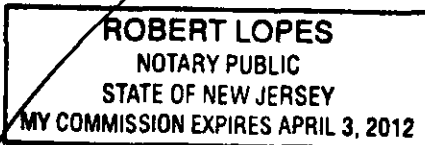
**100**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

*Handwritten signature/initials*

## OATH OR AFFIRMATION

I, Michael S. Cardello, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Lightstone Securities, LLC, as of 31 December, 2007, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Michael S. Cardello  
Signature  
Vice President & CFO/CCO  
Title

Notary Public

2358197

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☒ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

<b>FORM X-17A-5</b>	<h1>FOCUS REPORT</h1> <p>(Financial and Operational Combined Uniform Single Report)</p> <h2>Part IIA Quarterly 17a-5(a)</h2> <p>INFORMATION REQUIRED OF BROKERS AND DEALERS PURSUANT TO RULE 17</p>
-------------------------	---

**COVER**

Select a filing method:

Basic ☒ Alternate ☐ [0011]

Name of Broker Dealer: LIGHTSTONE SECURITIES, LLC [0013] SEC File Number: 8- 66608 [0014]

Address of Principal Place of Business: 1 INTERNATIONAL BLVD SUITE 200 [0020]

MAHWAH NJ 07495 Firm ID: 132596 [0015]

[0021] [0022] [0023]

For Period Beginning 10/01/2007 And Ending 12/31/2007

[0024] [0025]

Name and telephone number of person to contact in regard to this report:

Name: MICHAEL S. CARDELLO Phone: (201) 529-6070

[0030] [0031]

Name(s) of subsidiaries or affiliates consolidated in this report:

Name: \_\_\_\_\_ Phone: \_\_\_\_\_

[0032] [0033]

Name: \_\_\_\_\_ Phone: \_\_\_\_\_

[0034] [0035]

Name: \_\_\_\_\_ Phone: \_\_\_\_\_

[0036] [0037]

Name: \_\_\_\_\_ Phone: \_\_\_\_\_

[0038] [0039]

DEB  
Mail Processing  
Section

FEB 29 2008

Washington, DC  
100

Does respondent carry its own customer accounts? Yes ☐ [0040] No ☒ [0041]Check here if respondent is filing an audited report ☐ [0042]

**ASSETS**

Consolidated <input type="radio"/> [0198]	Unconsolidated <input checked="" type="radio"/> [0199]			
		<b>Allowable</b>	<b>Non-Allowable</b>	<b>Total</b>
1. Cash		<u>138,335</u> [0200]		<u>138,335</u> [0750]
2. Receivables from brokers or dealers:				
A. Clearance account		<u></u> [0295]		<u>0</u>
B. Other		<u></u> [0300]	<u></u> [0550]	<u>0</u> [0810]
3. Receivables from non-customers		<u></u> [0355]	<u></u> [0600]	<u>0</u> [0830]
4. Securities and spot commodities owned, at market value:				
A. Exempted securities		<u></u> [0418]		
B. Debt securities		<u></u> [0419]		
C. Options		<u></u> [0420]		
D. Other securities		<u></u> [0424]		
E. Spot commodities		<u></u> [0430]		<u>0</u> [0850]
5. Securities and/or other investments not readily marketable:				
A. At cost		<u></u> [0130]		
B. At estimated fair value		<u></u> [0440]	<u></u> [0610]	<u>0</u> [0860]
6. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:		<u></u> [0460]	<u></u> [0630]	<u>0</u> [0880]
A. Exempted securities		<u></u> [0150]		
B. Other securities		<u></u>		

	[0160]				0
7. Secured demand notes market value of collateral:	_____	_____	_____	_____	_____
	[0470]	[0640]		[0890]	
A. Exempted securities					
	_____				
	[0170]				
B. Other securities					
	_____				
	[0180]				
8. Memberships in exchanges:					
A. Owned, at market					
	_____				
	[0190]				
B. Owned, at cost		_____			
		[0650]			
C. Contributed for use of the company, at market value		_____	_____	_____	0
		[0660]		[0900]	
9. Investment in and receivables from affiliates, subsidiaries and associated partnerships	_____	_____	_____	_____	0
	[0480]	[0670]		[0910]	
10. Property, furniture, equipment, leasehold improvements and rights under lease agreements, at cost-net of accumulated depreciation and amortization	_____	66,000	66,000		
	[0490]	[0680]	[0920]		
11. Other assets	_____	37,743	37,743		
	[0535]	[0735]	[0930]		
12. TOTAL ASSETS	138,335	103,743	242,078		
	[0540]	[0740]	[0940]		

**LIABILITIES AND OWNERSHIP EQUITY**

<b>Liabilities</b>	<b>A.I. Liabilities</b>	<b>Non-A.I. Liabilities</b>	<b>Total</b>
			0
13. Bank loans payable	[1045]	[1255]	[1470]
14. Payable to brokers or dealers:			0
A. Clearance account	[1114]	[1315]	[1560]
B. Other	[1115]	[1305]	[1540]
15. Payable to non-customers	[1155]	[1355]	[1610]
16. Securities sold not yet purchased, at market value		[1360]	[1620]
17. Accounts payable, accrued liabilities, expenses and other	108,791 [1205]	[1385]	108,791 [1685]
18. Notes and mortgages payable:			0
A. Unsecured	[1210]		[1690]
B. Secured	[1211]	[1390]	[1700]
19. Liabilities subordinated to claims of general creditors:			0
A. Cash borrowings:		[1400]	[1710]
1. from outsiders			
	[0970]		
2. Includes equity subordination (15c3-1(d)) of			
	[0980]		
B. Securities borrowings, at market value:		[1410]	[1720]
from outsiders			
	[0990]		
C. Pursuant to secured demand note collateral agreements:		[1420]	[1730]
1. from outsiders			

					[1000]
	2.	Includes equity subordination (15c3-1(d)) of			
					[1010]
	D.	Exchange memberships contributed for use of company, at market value			
					0
			[1430]		[1740]
	E.	Accounts and other borrowings not qualified for net capital purposes			
			[1220]	[1440]	0
					[1750]
20.		108,791		0	108,791
	TOTAL LIABILITIES		[1230]	[1450]	[1760]

## Ownership Equity

	Total
21. Sole proprietorship	[1770]
22. Partnership (limited partners [1020] )	133,287
	[1780]
23. Corporations:	
A. Preferred stock	[1791]
B. Common stock	[1792]
C. Additional paid-in capital	[1793]
D. Retained earnings	[1794]
E. Total	0
	[1795]
F. Less capital stock in treasury	[1796]
24. TOTAL OWNERSHIP EQUITY	133,287
	[1800]
25. TOTAL LIABILITIES AND OWNERSHIP EQUITY	242,078
	[1810]

**STATEMENT OF INCOME (LOSS)**Period Beginning 10/01/2007  
[3932]Period Ending 12/31/2007  
[3933]Number of months 3  
[3931]**REVENUE**

## 1. Commissions:

a. Commissions on transactions in exchange listed equity securities executed on an exchange	[3935]
b. Commissions on listed option transactions	[3938]
c. All other securities commissions	[3939]
d. Total securities commissions	0 [3940]

## 2. Gains or losses on firm securities trading accounts

a. From market making in options on a national securities exchange	[3945]
b. From all other trading	[3949]
c. Total gain (loss)	0 [3950]

## 3. Gains or losses on firm securities investment accounts

[3952]

## 4. Profit (loss) from underwriting and selling groups

[3955]

## 5. Revenue from sale of investment company shares

[3970]

## 6. Commodities revenue

[3990]

## 7. Fees for account supervision, investment advisory and administrative services

[3975]

## 8. Other revenue

152,013

[3995]

## 9. Total revenue

152,013

[4030]

**EXPENSES**

## 10. Salaries and other employment costs for general partners and voting stockholder officers

[4120]

## 11. Other employee compensation and benefits

378,436

[4115]

## 12. Commissions paid to other broker-dealers

[4140]

## 13. Interest expense

[4075]

## a. Includes interest on accounts subject to subordination agreements

[4070]

## 14. Regulatory fees and expenses

28,777

[4195]

## 15. Other expenses

582,027

[4100]



16. Total expenses	<u>989,240</u>
	[4200]

**NET INCOME**

17. Net Income(loss) before Federal Income taxes and items below (Item 9 less Item 16)	<u>-837,227</u>
	[4210]

18. Provision for Federal Income taxes (for parent only)	<u></u>
	[4220]

19. Equity in earnings (losses) of unconsolidated subsidiaries not included above	<u></u>
	[4222]

a. After Federal income taxes of	<u></u>
	[4238]

20. Extraordinary gains (losses)	<u></u>
	[4224]

a. After Federal income taxes of	<u></u>
	[4239]

21. Cumulative effect of changes in accounting principles	<u></u>
	[4225]

22. Net income (loss) after Federal income taxes and extraordinary items	<u>-837,227</u>
	[4230]

**MONTHLY INCOME**

23. Income (current monthly only) before provision for Federal income taxes and extraordinary items	<u>-241,378</u>
	[4211]

**EXEMPTIVE PROVISIONS**

25. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based

A. (k)

☐ [4550]

(1)--Limited business (mutual funds and/or variable annuities only)

B. (k)

☒ [4560]

(2)(i)--"Special Account for the Exclusive Benefit of customers" maintained

C. (k)

☐ [4570]

(2)(ii)--All customer transactions cleared through another broker-dealer on a fully disclosed basis. Name of clearing firm(s)

Clearing Firm SEC#s

Name

Product Code

8- \_\_\_\_\_

[4335A]

[4335A2]

\_\_\_\_\_ [4335B]

8- \_\_\_\_\_

[4335C]

[4335C2]

\_\_\_\_\_ [4335D]

8- \_\_\_\_\_

[4335E]

[4335E2]

\_\_\_\_\_ [4335F]

8- \_\_\_\_\_

[4335G]

[4335G2]

\_\_\_\_\_ [4335H]

8- \_\_\_\_\_

[4335I]

[4335I2]

\_\_\_\_\_ [4335J]

D. (k)

☐ [4580]

(3)--Exempted by order of the Commission

**COMPUTATION OF NET CAPITAL**

1.	Total ownership equity from Statement of Financial Condition		<u>133,287</u>	
			[3480]	
2.	Deduct ownership equity not allowable for Net Capital		<u></u>	[3490]
3.	Total ownership equity qualified for Net Capital		<u>133,287</u>	[3500]
4.	Add:			
	A. Liabilities subordinated to claims of general creditors allowable in computation of net capital		<u>0</u>	[3520]
	B. Other (deductions) or allowable credits (List)			
		<u></u>	<u></u>	
		[3525A]	[3525B]	
		<u></u>	<u></u>	
		[3525C]	[3525D]	
		<u></u>	<u></u>	
		[3525E]	[3525F]	<u>0</u>
				[3525]
5.	Total capital and allowable subordinated liabilities		<u>133,287</u>	[3530]
6.	Deductions and/or charges:			
	A. Total nonallowable assets from Statement of Financial Condition (Notes B and C)	<u>103,743</u>		[3540]
	B. Secured demand note deficiency	<u></u>		[3590]
	C. Commodity futures contracts and spot commodities - proprietary capital charges	<u></u>		[3600]
	D. Other deductions and/or charges	<u></u>	<u>-103,743</u>	[3620]
7.	Other additions and/or credits (List)			
		<u></u>	<u></u>	
		[3630A]	[3630B]	
		<u></u>	<u></u>	
		[3630C]	[3630D]	
		<u></u>	<u></u>	
		[3630E]	[3630F]	<u>0</u>
				[3630]
8.	Net capital before haircuts on securities positions		<u>29,544</u>	[3640]
9.	Haircuts on securities (computed, where applicable, pursuant to 15c3-1(f)):			
	A. Contractual securities commitments	<u></u>		[3660]
	B. Subordinated securities borrowings	<u></u>		[3670]
	C. Trading and investment			

## securities:

1. Exempted securities		[3735]	
2. Debt securities		[3733]	
3. Options		[3730]	
4. Other securities		[3734]	
D. Undue Concentration		[3650]	
E. Other (List)			
	[3736A]	[3736B]	
	[3736C]	[3736D]	
	[3736E]	[3736F]	
		0	0
		[3736]	[3740]
10. Net Capital			29,544
			[3750]

## COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

## Part A

11. Minimum net capital required (6-2/3% of line 19)	7,252
	[3756]
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note(A)	5,000
	[3758]
13. Net capital requirement (greater of line 11 or 12)	7,252
	[3760]
14. Excess net capital (line 10 less 13)	22,292
	[3770]
15. Excess net capital at 1000% (line 10 less 10% of line 19)	18,664
	[3780]

## COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.I. liabilities from Statement of Financial Condition	108,791
	[3790]
17. Add:	
A. Drafts for immediate credit	
	[3800]
B. Market value of securities borrowed for which no equivalent value is paid or credited	
	[3810]
C. Other unrecorded amounts (List)	

	[3820A]	[3820B]	
	[3820C]	[3820D]	
	[3820E]	[3820F]	
		0	0
		[3820]	[3830]
			108,791
			[3840]
19. Total aggregate indebtedness			% 368
20. Percentage of aggregate indebtedness to net capital (line 19 / line 10)			[3850]

## OTHER RATIOS

21. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d) % 0  
[3860]

**SCHEDULED WITHDRAWALS**

Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.

Type of Proposed Withdrawal or Accrual	Name of Lender or Contributor	Insider or Outsider	Amount to be Withdrawn (cash amount and/or Net Capital Value of Securities)	Withdrawal or Maturity Date (MMDDYYYY)	Expect to Renew
[4600]	[4601]	[4602]	[4603]	[4604]	[4605]
[4610]	[4611]	[4612]	[4613]	[4614]	[4615]
[4620]	[4621]	[4622]	[4623]	[4624]	[4625]
[4630]	[4631]	[4632]	[4633]	[4634]	[4635]
[4640]	[4641]	[4642]	[4643]	[4644]	[4645]
[4650]	[4651]	[4652]	[4653]	[4654]	[4655]
[4660]	[4661]	[4662]	[4663]	[4664]	[4665]
[4670]	[4671]	[4672]	[4673]	[4674]	[4675]
[4680]	[4681]	[4682]	[4683]	[4684]	[4685]
[4690]	[4691]	[4692]	[4693]	[4694]	[4695]
TOTAL			0		
\$				[4699]	
Omit Pennies					

**Instructions** Detail listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and payments of liabilities secured by fixed assets (which are considered allowable assets in the capital computation pursuant to Rule 15c3-1(c)(2)(iv)), which could be required by the lender on demand or in less than six months.

Withdrawal Code	Description
1	Equity Capital
2	Subordinated Liabilities
3	Accruals
4	15c3-1(c)(2)(iv) Liabilities

**STATEMENT OF CHANGES**


---

**STATEMENT OF CHANGES IN OWNERSHIP EQUITY  
(SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)**

1.	Balance, beginning of period		247,641
			[4240]
	A. Net income (loss)		-837,227
			[4250]
	B. Additions (includes non-conforming capital of	[4262] )	722,873
			[4260]
	C. Deductions (includes non-conforming capital of	[4272] )	[4270]
			133,287
2.	Balance, end of period (From item 1800)		[4290]

**STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED  
TO CLAIMS OF GENERAL CREDITORS**

3.	Balance, beginning of period		[4300]
	A. Increases		[4310]
	B. Decreases		[4320]
			0
4.	Balance, end of period (From item 3520)		[4330]

**LIGHTSTONE SECURITIES, LLC**

**Financial Statements**

**December 31, 2007**



**LIGHTSTONE SECURITIES, LLC**

**Table of Contents**

**December 31, 2007**

	<b><u>Pages</u></b>
INDEPENDENT AUDITOR'S REPORT	<b>1</b>
Statement of Financial Condition – December 31, 2007	<b>2</b>
Statement of Income (Loss) - For the Period Ended December 31, 2007	<b>3</b>
Statement of Changes in Member Equity – For the Period Ended December 31, 2007	<b>4</b>
Statement of Cash Flows – For the Period Ended December 31, 2007	<b>5</b>
Computation of Net Capital under SEC Rule 15c3-1	<b>6</b>
Notes to Financial Statements	<b>7-9</b>
Independent Auditors' Report on Internal Accounting Control Required by Sec Rule 17a-5	<b>10-11</b>

Joseph P. DePietto, CPA's, PC  
1981 Marcus Avenue, Suite C114  
Lake Success, NY 11042  
516-326-9200 (office)  
516-326-1100 (fax)

## **INDEPENDENT AUDITORS' REPORT**

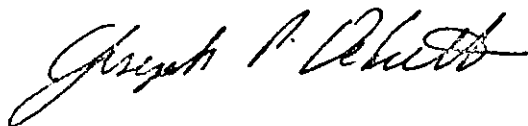
To the Member of  
Lightstone Securities, LLC  
1 International Blvd.  
Mahwah, NJ 07495

We have audited the accompanying statement of financial condition of Lightstone Securities, LLC as of December 31, 2007 and the related statements of income, changes in equity, and cash flows for the period then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lightstone Securities, LLC as of December 31, 2007, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Joseph P. DePietto, CPAs, PC  
February 25, 2008

**LIGHTSTONE SECURITIES, LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**December 31, 2007**

**ASSETS**

Current Assets		
Cash	\$ 117,986	
Due from affiliate	11,000	
Prepaid expenses	<u>18,825</u>	
Total Current Assets		147,811
Property, Plant & Equipment (net of accumulated depreciation of \$65,476 )		<u>41,909</u>
<b>TOTAL ASSETS</b>		<b><u>\$ 189,720</u></b>

**LIABILITIES AND EQUITY**

Current Liabilities		
Accounts payable	\$ 107,740	
Loan payable	<u>931</u>	
Total Current Liabilities		<u>108,671</u>
Member Equity		
Member equity	65,695	
Member contribution	7,134,153	
Accumulated deficit	<u>(7,118,799)</u>	
Total Member Equity		<u>81,049</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b><u>\$ 189,720</u></b>

See Accountants' Audit Report and Notes to Financial Statements.

**LIGHTSTONE SECURITIES, LLC****STATEMENT OF INCOME(LOSS)****For the Period Ended December 31, 2007**

## Revenues:

Commissions	\$ 748,704
Interest income	1,504
Miscellaneous income	<u>35,000</u>
Total Revenues	785,208

## Expenses:

ADP fees	7,011
Bank service charges	1,494
Commissions	561,916
Computer expense	36,164
Depreciation expense	19,362
Dues & Subscriptions	25,018
Insurance	95,765
Legal & Accounting fees	72,345
Office expense	50,360
Outside service	71,035
Payroll expense	1,677,004
Payroll tax expense	109,764
Pension contribution	5,097
Postage & Delivery	41,118
Professional fees	66,732
Regulatory expense	48,422
Rent	54,850
Sales & Marketing	59,659
Telephone & Utilities	68,785
Travel & Entertainment	<u>529,479</u>
Total expenses	<u>3,601,380</u>

## Net Loss

\$ (2,816,172)

See Accountants' Audit Report and Notes to Financial Statements.

**LIGHTSTONE SECURITIES, LLC**  
**STATEMENT OF CHANGES IN MEMBER EQUITY**  
**For the Period Ended December 31, 2007**

	<b>Member Equity</b>	<b>Member Contribution</b>	<b>(Accumulated Deficit)</b>	<b>Total</b>
Balances - Beginning of year	\$ 65,695	\$ 4,447,788	\$ (4,302,627)	\$ 210,856
Member contribution		2,686,365		2,686,365
Net Loss			(2,816,172)	(2,816,172)
Balances - at December 31, 2007	<b>\$ 65,695</b>	<b>\$ 7,134,153</b>	<b>\$ (7,118,799)</b>	<b>\$ 81,049</b>

See Accountants' Audit Report and Notes to Financial Statements.

**LIGHTSTONE SECURITIES, LLC****STATEMENT OF CASH FLOWS****For the Period Ended December 31, 2007****Cash Flows from Operating Activities:**

Net Loss	\$ (2,816,172)
Adjustments to reconcile net income to net cash flows from operating activities:	
Depreciation expense	19,362
Decrease in prepaid expenses	1,711
Decrease in accounts payable	(131,639)
Decrease in loan payable	<u>(5,828)</u>

Net Cash Provided by Operating Activities	<u>(2,932,566)</u>
---	--------------------

**Cash Used by Investing Activities:**

Net Cash Used by Investing Activities	<u>-</u>
---------------------------------------	----------

**Cash Flows from Financing Activities:**

Member contribution	<u>2,686,365</u>
---------------------	------------------

Net Cash Provided by Financing Activities	<u>2,686,365</u>
---	------------------

<b>Net Increase in Cash</b>	<b>(246,201)</b>
-----------------------------	------------------

<b>Cash - Beginning of year</b>	<b><u>364,187</u></b>
---------------------------------	-----------------------

<b>Cash - End of Period</b>	<b><u>\$ 117,986</u></b>
-----------------------------	--------------------------

**LIGHTSTONE SECURITIES, LLC****COMPUTATION OF NET CAPITAL**  
**Under SEC Rule 15c3-1****For the Period Ended December 31, 2007****NET CAPITAL**

Equity	\$ 81,049
Deductions and/or charges	
Non-allowable assets:	
Due from affiliate	11,000
Prepaid expenses	18,825
Property, plant & equipment (net)	41,909
Total non-allowable assets	<u>71,734</u>
Tentative Net Capital	9,315
Haircuts	<u>0</u>
Net Capital (15c3-1)	<u><u>\$ 9,315</u></u>

**AGGREGATE INDEBTEDNESS**

Items included in statement of financial condition:

Accounts payable	\$ 107,739
Loan payable	<u>931</u>
Total indebtedness	<u><u>\$ 108,670</u></u>

**COMPUTATION OF BASIC NET CAPITAL REQUIREMENT**

Minimum net capital requirement	<u><u>\$ 7,252</u></u>
Excess net capital	<u><u>\$ 2,063</u></u>

Ratio: Aggregate indebtedness to net capital 11.67 to 1**RECONCILIATION TO NET CAPITAL COMPUTATION OF ORIGINAL FOCUS FILING IN ACCORDANCE TO RULE 17a-5(a):**

	<b>Original Filing X-17A-5</b>	<b>Per. Cert. Financial Report</b>	<b>Reconciliation in Filing vs Financial</b>
Total Net Assets	<u>\$ 242,078</u>	<u>\$ 189,720</u>	<u>\$ (52,358)</u>
Total Liabilities	\$ 108,791	\$ 108,671	\$ (120)
Ownership Equity	<u>133,287</u>	<u>81,049</u>	<u>(52,238)</u>
Total Liabilities & Equity	<u><u>\$ 242,078</u></u>	<u><u>\$ 189,720</u></u>	<u><u>\$ (52,358)</u></u>

The differences are due to accrual and posting adjustments made at year end 12/31/2007.

See Accountants' Audit Report and Notes to Financial Statements.

**LIGHTSTONE SECURITIES, LLC**  
**Notes to Financial Statements**  
**December 31, 2007**

**NOTE 1: Nature of Business**

**Organization**

LIGHTSTONE SECURITIES, LLC (The "Company") was formed in the state of New York as a single member limited liability company. The company is a member firm in the Financial Industry Regulatory Authority (FINRA), operates as a broker/dealer and has commenced operations in 2004. The company is licensed in all fifty States, Puerto Rico and the Virgin Islands, and specializes as a managing dealer syndicating structured securities in limited partnerships and other dealer offerings particular to Real Estate Investment Trusts (REIT).

**NOTE 2: Summary of Significant Accounting Policies**

**a) Revenue Recognition**

Revenue is recognized at point of sale.

**b) Cash and Cash Equivalents**

For the purpose of the statement of cash flows, the Company considers demand deposited money market funds and U.S. treasury obligations to be cash and cash equivalents.

Concentration of Credit Risk

Financial instruments that potentially subject the organization to concentrations of credit risk consist of cash accounts in financial institutions, which at certain times exceed federally insured limits. At December 31, 2007, the consolidated accounts did not exceed the insured limits.

**c) Income Taxes**

The company operates as a single member limited liability company for tax purposes. All income and losses are reported by the sole member on his or her personal tax return. Therefore, all income taxes are the responsibility of the sole member.

**d) Property and Equipment**

Furniture, fixtures and equipment are carried at cost. Depreciation is provided by using the modified accelerated cost recovery system (MACRS) over an estimated useful life of three to ten years. The method is used for book and tax purposes and does not differ materially from Generally Accepted Accounting Principle (GAAP) depreciation methods.



**LIGHTSTONE SECURITIES, LLC**  
**Notes to Financial Statements**  
**December 31, 2007**

**NOTE 2: Summary of Significant Accounting Policies**

**d) Property and Equipment(continued)**

Maintenance, repairs and renewals that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Gains and losses on disposition of property and equipment are included in income.

**e) Use of Estimates in the Preparation of Financial Statements**

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that management uses.

**NOTE 3: Net Capital Requirements**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1) which requires broker dealers to maintain minimum net capital. The ratio of aggregate indebtedness to net capital, shall not exceed 15 to 1 for ongoing concerns. As per page 6, the company's current requirement is \$7,252. At December 31, 2007, the Company had a net capital of \$9,315 which was \$2,063 in excess of its required net capital of \$7,252. The Company's net capital ratio was 11.67 to 1.

**NOTE 4: Concentration of Funds**

The company does not maintain inventory of stocks, bonds or other security positions at risk.

**NOTE 5: Disclosure of Statement of Financial Condition**

A statement indicating that the Statement of Financial Condition of the most recent annual audit report of the broker or dealer pursuant to sec. 240.17a-5 is available for examination at the principal office of the broker or dealer and the regional or district office of the Securities & Exchange Commission for the region or district in which the broker or dealer has its principal place of business.

**LIGHTSTONE SECURITIES, LLC**  
**Notes to Financial Statements**  
**December 31, 2007**

**NOTE 6: Exemption Provisions**

The Company has elected an exemption from Rule 15c3-3 based on section(2)(i), which states "Special Account for the Exclusive Benefit of customers" maintained.

**NOTE 7: Commitment and Contingencies**

Future lease payments on the rental of office space and furniture are as follows:

<u>Year</u>	<u>Rent expense</u>
2008	\$ 65,820
2009	\$ 65,820
2010	\$ 65,820

The monthly payment of \$5,484.99 represents \$1,343.43 for furniture and \$4,141.66 for rental space. The rent expense at December 31, 2007 was \$ 54,850.

The company has a capital equipment lease for the purchase of equipment with NEC Financial Services. The monthly payment is \$451.83 with thirteen payments remaining and a dollar buy back at the end of the lease term.

**SUPPLEMENTARY INFORMATION**  
**PURSUANT TO RULE 17a-5 OF THE**  
**SECURITIES EXCHANGE ACT OF 1934**  
**AS OF DECEMBER 31, 2007**

Joseph P. DePietto, CPA's, PC  
1981 Marcus Avenue, Suite C114  
Lake Success, NY 11042  
516-326-9200 (office)  
516-326-1100 (fax)

## **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL**

To the Member of  
Lightstone Securities, LLC  
1 International Blvd.  
Mahwah, NJ 07495

In planning and performing our audit of the financial statements of Lightstone Securities, LLC. for the year ended December 31, 2007, we considered its internal control, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures (including tests of compliance with such practice and procedures) followed by Lightstone Securities, LLC. that we considered relevant to the objectives stated in Rule 17a-5(g)(1) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c-3-3.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures can be expected to achieve the SEC's above mentioned objectives.

Two of the objectives of an internal control and practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control, or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projections of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

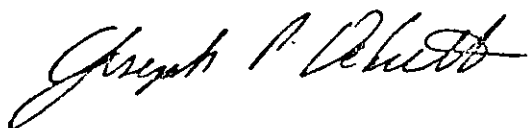
Our consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions, except for:

The size of the business and resultant limited number of employees imposes practical limitations on the effectiveness of those internal control structure procedures that depend on the segregation of duties. Since this condition is inherent in the size of the Company, the specific weaknesses are not described herein and no corrective action has been taken or proposed by the Company.

The foregoing condition was considered in determining the nature, timing and extent of the procedures to be performed in our audit of the financial statements of Lightstone Securities, LLC. for the year ended December 31, 2007 and this report does not affect our report thereon dated February 25, 2008.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that except for the effect, if any, of the condition indicated in the preceding paragraph, the Company's practices and procedures were adequate at December 31, 2007 to meet the SEC's objectives.

This report is intended solely for the use of management and the Securities and Exchange Commission, the National Association of Securities Dealers, Inc. and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers/dealers and should not be used by anyone other than these specified parties.



Joseph P DePietto, CPA, PC

Lake Success, New York  
February 25, 2008

END